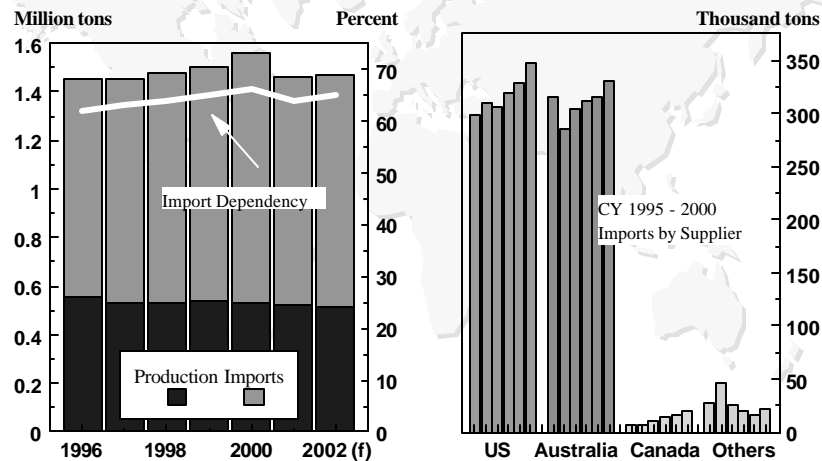


Japan's Cattle and Beef Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Cattle (1,000 head)							
Total Supply*	6,391	6,285	6,240	6,182	6,076	6,004	5,944
Slaughter	1,384	1,337	1,322	1,332	1,303	1,280	1,260
Beef (1,000 tons; carcass weight equivalent)							
Production	555	530	530	537	530	520	510
Beginning stocks	128	144	131	125	146	158	168
Imports	899	924	951	967	1,027	940	960
Consumption	1,438	1,467	1,487	1,483	1,545	1,450	1,465

* Total supply = beginning inventories + calf crop + imports

Japan's Beef Import Dependency Hangs High in the Face of Declining Production & Consumption While U.S. Share Suffers Vis-A-Vis Australia & Canada



Japan's beef production in 2002 is forecast to fall by 2 percent from the previous year to 510,000 tons, due to falling returns to the cattle sector, while beef imports are forecast to increase in 2002 to 960,000 tons. Economic stagnation, lackluster consumer demand, and lower domestic beef prices, coupled with strong U.S. beef prices, are driving importers to look towards suppliers of more competitively priced product, especially Australia. However, the discovery of Bovine Spongiform Encephalopathy (BSE) in one cow in late September of 2001 caused an immediate drop in consumption and is expected to slow demand in the last quarter of 2001 and opening period of 2002. The recovery of beef demand will largely be predicated on the effectiveness of efforts to regain consumer confidence in the meat inspection system.